

**MINUTES  
REGULAR MEETING  
RETIREMENT BOARD OF TRUSTEES  
EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF BATON ROUGE  
AND PARISH OF EAST BATON ROUGE  
SEPTEMBER 27, 2018**

The regular meeting of the Retirement Board of Trustees was held in the boardroom of the Retirement Office at 209 St. Ferdinand Street, and was called to order at 10:05 a.m. by Board Chairman Ms. Marsha Hanlon. Members present: Chief Richard Sullivan, Mr. Mark LeBlanc, Sgt. Neal Noel, Mr. Joseph Toups, Mr. David West, and Mr. Brian Bernard. Staff present: Mr. Jeffrey Yates, Mr. Russell Smith, Mr. Mark Williams, and Mr. Kyle Drago. Others present: Ms. Denise Akers – legal counsel, Mr. Brit Hines – BRFD active member, Mr. Michael Blatchley – Bernstein, Litowitz, Berger & Grossmann, and Ms. Brachell Brown and Ms. Sydney Elbert – observers from Southern University – N.O.

Mr. Kyle Drago formally called the roll.

There was a call for public comments prior to introduction of the first agenda item. There were no public comments.

The chairman began by introducing Item 1, Reading and Approval of Minutes, and noted that there were minutes being considered for approval from the regular meeting of August 30, 2018, and called for a motion.

**Motion by Mr. LeBlanc, seconded by Chief Sullivan to suspend the reading of, and approve the minutes of the regular meeting of August 30, 2018 as presented.**

**No discussion and no objections.**

**Motion passed by those members present.**

Under Item 2, Disability, there were no applications for disability retirement presented.

The next item on the agenda was Item 3, Benefits Report, and the chairman called on Mr. Yates to present the report. He stated that there were no unusual items on the report and that the report was in order as presented.

**Motion by Mr. West, seconded by Mr. Bernard to approve the Benefits Report as presented.**

**No discussion and no objections.**

**Motion passed by those members present.**

The next item on the agenda was Item 4, DROP Notifications Report, and it was noted that this report was provided for informational purposes only, and no action was necessary.

The chairman then moved to Item 5, Consultant Reports, and under 5A, Status on Pending Legal Matters, Ms. Akers reported that at the last Board meeting, she was asked to get a legal opinion, signed by her and Bob Klausner, regarding the recommended language for the withdrawal liability for the Retirement Ordinances for presentation to the Metro Council. She stated that she was to also send the opinion to the Parish Attorney's Office. The opinion was emailed to the Board members and to the Parish Attorney well in advance of the Board meeting. The gist of the opinion letter was that the obligation for paying the unfunded accrued liability was a City-Parish obligation, and not that of CPERS, however CPERS was asked to provide clear language as to how the withdrawal liability would be calculated. This language was drafted with the assistance of the System's actuary. The opinion stated that there are ways to enforce the payment of the unfunded accrued liability created by the incorporation of a geographical area within the parish, even without amendments to the ordinance language. Ms. Akers noted that there appear to be no other similar legal cases of liability for a newly incorporated area, and that other cases involved the payment of liability for the exit of an employer or employee group. She stated that neither she nor Bob Klausner could state that the language would not be litigious. The Parish Attorney's Office maintains that a statutory fix would be necessary to ensure payment of the liability. Ultimately it is the City-Parish that would have to pass any ordinance changes, and the City-Parish that would have to pay the liability. Ms. Akers stated that no further action to address the Metro Council would be possible since the Parish Attorney was not comfortable recommending the language without a statutory change in place. Mr. LeBlanc asked about the Board engaging a Louisiana House of Representatives member or Senator to sponsor a bill to make a statutory change considered needed by the Parish Attorney. Ms. Akers stated that anything could be requested, but it would be advisable to have the Parish Attorney in agreement. Mr. LeBlanc stated that he could not support Metro Council action without the support of the Parish Attorney, but that he understood the points made in the opinion letter, and he would not be opposed to State legislation that would address withdrawal liability in this situation and other situations. Ms. Akers noted that the legislature does not have authority over CPERS, and that the Parish Attorney believes the withdrawal liability could be considered a tax, which would have to be enacted by a vote of the people. Mr. West expressed concern that the Board needed to take an active role in this issue, but that the Board did

not know what position the Parish Attorney and other City leaders would take if St. George did not pay the amount due. Ms. Akers reiterated that if the Board takes no action, the burden of funding the UAL stays with the City-Parish, and that the issue was whether or not the City wanted to take action to specify the liability due from a newly created municipality. It was agreed that the Parish Attorney, and not the Board, would have to be the party to push for statutory revisions. Mr. Bernard asked what the Board's responsibility was toward making the City understand the seriousness of the issue and the resulting action that could ensue. Mr. LeBlanc stated that he would like to see the Board pass a resolution stating that the liability existed and must be paid. Sgt. Noel stated that as fiduciaries, it would be good to document in writing that the appropriate parties with the City were informed of the situation and potential costs. Ms. Hanlon stated that the resolution could be accompanied by the documentation (legal opinion) showing why the City leaders should seek legislation on this matter. She also noted that a number of changes to legislation had been made since the St. George issue had originally come up.

**Motion by Mr. LeBlanc, seconded by Mr. Bernard to pass a resolution outlining the Board's position that the withdrawal liability is a known issue, and imploring City leaders to seek statutory authority to accomplish the payment of the liability by the responsible parties. It was agreed that the resolution should be sent to the Mayor-President, the Mayor Pro Tem, and the Council Administrator/Treasurer.**

**No discussion and no objections.**

**Motion passed by those members present.**

Under Item 6, Committee Reports, there were no reports for presentation.

Moving to Item 7, Staff Reports, the chairman noted that under Item 7B, there were charges from the Law Offices of Klausner & Kaufman, and it was noted that these charges pertained to the withdrawal liability opinion and follow-up.

**Motion by Mr. LeBlanc, seconded by Mr. Toups to approve payment for the charges to the Law Offices of Klausner & Kaufman as presented.**

**No discussion and no objections.**

**Motion passed by those members present.**

Under Item 7C, there were charges from the Law Offices of Akers & Wisbar, LLC, and Mr. Smith was asked if the charges were in order, which he confirmed.

**Motion by Mr. Toups, seconded by Mr. LeBlanc to approve payment for the charges to the Law Offices of Akers & Wisbar, LLC as presented.**

**No discussion and no objections.**

**Motion passed by those members present.**

Under Item 7F, there were no investment manager invoices for the Board's review.

Under Item 7G, Cash Activity Report, Mr. Drago presented the report and noted that there had been positive cash flow for the month. Ms. Hanlon noted that the City-Parish was several payrolls behind but hoped to catch up when the new financial system came online.

The next item on the agenda was Item 8, Unfinished Business, and the chairman noted Item 8A, Consideration of Drafting a Resolution to Request that the Metro Council Adopt the Retirement Ordinance Language Regarding Withdrawal Liability, had been discussed under Legal Matters, and could be deleted from the agenda, with future discussions under Legal Matters.

The next item on the agenda was Item 8B, 2017 Professional Consultant Evaluations, and the chairman asked that the forms be completed and turned into Mr. Smith as soon as possible.

The chairman noted that she had failed to state at the opening of the meeting, that the meeting was public and that anyone was welcome to ask or comment about any of the agenda items.

Moving to Item 9, New Business, the chairman introduced Item 9A, Consideration of Contracting with Third-Party Firm to Facilitate Request for Proposal Process for Investment Consultant, and recognized Mr. LeBlanc. Mr. LeBlanc stated that this item related to securing an outside party to assist with the RFP process for investment consultant, and that Mr. Yates had gathered data on potential search firms. Mr. Yates stated that he had contacted four firms that engage in RFP services, but that one firm stated that the timing was bad for them. The three remaining firms, Cortex Applied Research, InHub, and White Oak were all very experienced in this type of engagement, and all had quality staff. He stated that InHub marketed their technology more than a guiding-hand type of process. Their software application would be used for posting the RFP, answering questions, and reviewing and grading the proposals. Mr. Yates noted that this process would not save as much time and work compared to the other two firms, and that the cost ranged from a bare-bones service of \$14,000 to a more interactive service of about \$40,000. Cortex takes charge of the process by developing a timeline and then steering the Board through it one stage at a time, including two face-to-face meetings with the Board. The service is personalized by surveys of the

Board/committee, and the price is \$34,500 with options that can be added, such as additional consultants added to the list, additional screening of proposers, and additional face-to-face meetings. Regarding White Oak, Mr. Yates noted that his conversation with them showed that they are less customized in their process, and seem to have a model already built for the consultant process. He noted that based on his conversations with all three firms, and the materials they submitted, he would recommend hiring Cortex Applied Research.

**Motion by Mr. LeBlanc, seconded by Chief Sullivan to engage Cortex Applied Research to assist with the Request For Proposal process for investment consultant.**

**No discussion and no objections.**

**Motion passed by those members present.**

The chairman then introduced Item 9B, Presentation by Mr. Michael Blatchley (BLB&G) Regarding CPERS Acting as Lead Plaintiff in Impinj, Inc. Securities Litigation. Mr. Blatchley began by stating that some of the information regarding the Impinj proposed litigation may need to be addressed in executive session because of attorney-client privilege. He updated the Board regarding the ComScore litigation and stated that BLB&G was able to recover \$110 million in that case, which saw CPERS and Fresno County appointed as lead plaintiffs. The case involved accounting fraud, and the settlement was negotiated to include insurance proceeds plus compensation for the company's stock, which was monetized for the full value of the settlement. Mr. Blatchley noted that the judge was very complimentary about how the case and settlement were handled. A substantial cash recovery is expected for CPERS when everything is settled. At this time it was advised to go into executive session to discuss potential litigation involving Impinj, Inc.

**Motion by Mr. Toups, seconded by Sgt. Noel to go into executive session, as recommended by legal counsel, to discuss potential litigation involving Impinj, Inc.**

**No discussion and no objections.**

**Motion passed by those members present.**

Executive session began at 10:39 a.m. and regular session resumed at 10:59 a.m.

**Motion by Mr. Toups, seconded by Mr. LeBlanc to serve as lead plaintiff in the proposed litigation against Impinj, Inc., with Bernstein Litowitz Berger & Grossman serving as the Board's attorneys on a contingent fee basis to file the lawsuit on CPERS' behalf, with all documents to be approved by the Retirement Administrator and the Board's general legal counsel.**

**Under discussion, the chairman added that the retainer agreement should be similar to that used in the ComScore litigation.**

**There were no objections to the motion.**

**Motion passed by those members present.**

Under Item 10, Administrative Matters, there were no items for discussion.

The chairman then continued to Item 11, Police Guarantee Trust Matters, and under 11A, PGT Benefits Report, Mr. Yates stated that the report included only one item and was in order as presented.

**Motion by Mr. West, seconded by Mr. LeBlanc to approve the PGT Benefits Report as presented.**

**No discussion and no objections.**

**Motion passed by those members present.**

Under Item 11B, the chairman noted that the PGT DROP Notifications Report was provided for the Board's information, and that no action was required.

There were no matters under Item 11C, Consultants' Reports.

There were no investment manager invoices under Item 11D.1 for the Board's review.

Under Item 11D.2 there were no items to address.

Under Item 11D.3, PGT Cash Activity Report, Mr. Drago presented the report and stated that it was in order.

Under Items 11E New Business, and 11F Unfinished Business, and 11G, there were no items to address.

Seeing no further items on the agenda, the chairman called for a motion to adjourn.

**Motion by Sgt. Noel, seconded by Ms. Hanlon to adjourn at 11:05 a.m.**

**No discussion and no objections.**

**Motion passed by those members present.**

---

**MARK J. LEBLANC**  
**VICE-CHAIRMAN, RETIREMENT BOARD OF TRUSTEES**

---

**JEFFREY R. YATES**  
**RETIREMENT ADMINISTRATOR**